



PRESS RELEASE

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IRS – Criminal Investigation

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Ex-Employee Pleads Guilty to Conspiring to Defrauding New York Power Authority

A former senior investigator of the New York Power Authority (NYPA) pleaded guilty today to charges of conspiring to defraud NYPA and for filing a false 2010 tax return to hide substantial income from the government, the Department of Justice, the Internal Revenue Service and the New York State Inspector General announced.

Between 2009 and 2012, Stephen Sheridan, of Valley Cottage, New York, conspired to defraud NYPA in connection with a \$3 million landscaping and maintenance contract. Sheridan helped the owner of the landscaping company skim money that should have gone to the employees who did the work, and fraudulently receive reimbursement from NYPA for fake, “no show” employees. As a result, Sheridan and his co-conspirator received money that was supposed to go to the working employees. In connection with the scheme, Sheridan also filed a false tax return for 2010, according to the two-count felony charge filed in U.S. District Court of the Southern District of New York.

“The defendant schemed to keep money from the NYPA contract that should have gone to the employees who actually did the work,” said Assistant Attorney General Bill Baer of the Justice Department’s Antitrust Division. “And he doubled down on this crime by hiding that extra income from the IRS. The division will continue to work with our partners at the FBI, IRS and New York Inspector General to hold accountable individuals who corrupt the public procurement process.”

“Government employees have access to money and influence the general public doesn’t,” said Assistant Director in Charge Diego Rodriguez of the FBI’s New York Field Office. “The belief that no one is watching can lead to greed and corruption. This case should prove the FBI and our law enforcement partners won’t stop weeding out those in power who try gaming the system.”

“Mr. Sheridan, for his own personal benefit, not only took advantage of the NYPA, but of the employees who were contracted to do work for it and law abiding taxpayers,” said Special Agent in Charge Shantelle P. Kitchen of the IRS Criminal Investigation New York Field Office. “He is now held accountable for the money he diverted and kept for

his own use. IRS Criminal Investigation remains committed to ensuring that everyone pays their fair share of taxes.”

“This former employee used his insider knowledge to corrupt the State contracting process, steal from taxpayers and undercut hard-working employees trying to make an honest, living wage,” said New York State Inspector General Catherine Leahy Scott. “I will continue dedicating the resources of my office and working with local and federal law enforcement partners to fight waste, fraud and abuse in New York and bring to justice anyone who defrauds the state and takes advantage of the labor force.”

Sheridan’s fraud conspiracy charge carries a maximum penalty of 20 years in prison; his tax charge carries a maximum penalty of three years in prison. Each charge carries a maximum fine of \$250,000, which may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. Sheridan will also be ordered to pay restitution to NYPA.

The charges against Sheridan arose from an investigation initiated by the New York State Inspector General and are part of an ongoing joint federal and state investigation of bid rigging, fraud and tax-related offenses in the award of contracts at NYPA’s facility in White Plains, New York. This is the third charge to result from the investigation. In June 2015, Thomas Delaney pleaded guilty to conspiring to defraud NYPA and to a tax violation, and in December 2015, Peter Shine pleaded guilty to a tax violation. This ongoing investigation is being conducted by the Antitrust Division’s New York Office with the assistance of the FBI, the IRS Criminal Investigation and the New York State Office of the Inspector General. NYPA is cooperating with the investigation. Anyone with information on bid rigging or other anticompetitive conduct related to the award or performance of municipal and state contracts should contact the Antitrust Division’s Citizen Complaint Center at 888-647-3258 or visit <http://www.justice.gov/atr/contact/newcase.html>.

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